COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF RIGHT BEAVER GAS

COMPANY FOR A RATE ADJUSTMENT PURSUANT

TO THE ALTERNATIVE RATE FILING PROCEDURE

TO SMALL UTILITIES

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ORDER

On January 19, 1989, an Order to Cease and Desist and to Show Cause was issued to Right Beaver Gas Company ("Right Beaver") based upon information the Commission had received that Right Beaver had implemented an unapproved rate increase. An informal conference was held between Right Beaver and Commission Staff on February 13, 1989 wherein, Mabry Holbrook, d/b/a Right Beaver, explained that he mistakenly believed the rates had been approved. Mr. Holbrook provided Staff with copies of five checks received from customers and receipts showing the checks had been returned by certified mail.

Subsequently, Right Beaver and Staff reached an agreement regarding settlement of the show cause portion of this case. The resulting Settlement Agreement, attached hereto and incorporated as if fully set out herein, establishes a reasonable basis for dismissing the instant proceeding against Right Beaver and by its terms shows Right Beaver's agreement to cease and desist from violating the provisions of KRS 278.160(2).

After consideration of the record in this case, the terms of the Settlement Agreement and being otherwise sufficiently advised, the Commission is of the opinion and finds the terms and conditions of the Settlement Agreement are fair and reasonable and should be accepted and approved by the Commission for the resolution of this case.

IT IS THEREFORE ORDERED that:

- 1. Right Beaver shall cease and desist from violating the provisions of KRS 278.160(2).
- 2. The Settlement Agreement is approved and the show cause proceeding is hereby dismissed.

Done at Frankfort, Kentucky, this 21st day of July, 1989.

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Kale M. Davis

Vice Chairman

Secure & Welliams

PUBLIC SERVICE COMMISSION

ATTEST:

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF RIGHT BEAVER GAS

COMPANY FOR A RATE ADJUSTMENT PURSUANT

TO THE ALTERNATIVE RATE FILING PROCEDURE

10404

FOR SMALL UTILITIES

SETTLEMENT AGREEMENT

On January 19, 1989, an Order to Cease and Desist and to Show Cause was issued to Right Beaver Gas Company in Case No. 10404. The basis for the Order was information regarding the implementation of an unapproved rate increase on or about the first week of January, 1989.

At a conference held on February 13, 1989, it was determined that Mr. Mabry Holbrook, on behalf of Right Beaver Gas Company, had refunded the five payments which he had received. Upon being informed that the new rate was not yet effective, Mr. Holbrook made the refunds by certified mail. (See attached copies of checks and return receipts.) None of the checks had been deposited by Mr. Holbrook. Subsequently, new rates were approved on February 2, 1989, and made effective as of that date.

Mr. Holbrook states that the unauthorized billing was done subsequent to a misunderstanding of an oral communication. It is his contention that he believed that the rate had been approved. It is a matter of record that the Staff recommended rates substantially above what Right Beaver originally requested, and that on January 3, 1989, the Intervenors informed the Commission

of their willingness to accept the Staff Report. However, an Order was not entered granting rates until February 2, 1989.

It is hereby recognized that an application has been made to the Commission for approval of the transfer of Right Beaver Gas Company to Dema Gas, Inc. as evidenced by Case No. 89-100. The Commission Staff and Right Beaver Gas Company tender this Settlement Agreement so that this outstanding matter may be resolved prior to consideration of the aforementioned transfer.

IT IS HEREBY AGREED that:

- ı. Right Beaver hereby waives hearing in this matter.
- 2. Right Beaver will cease and desist from violating the provisions of KRS 278.160(2).
- 3. This matter is satisfactorily resolved in that Right Beaver has refunded all unauthorized charges. Therefore, this matter should be dismissed.
- It is understood by the below signatories that this Settlement Agreement is subject to ratification and approval by Order of the Commission.

Right Beaver Gas Company

Attorney for Public Service Commission

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